Annual Report 2000

For the Year Ended
December 31, 2000

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Letters of Transmittal

Her Honour
The Honourable Dr. Lynda Haverstock
Lieutenant Governor,
Province of Saskatchewan

Your Honour:

I have the honour to submit the Annual Report of the Saskatchewan Pension Plan for the year ending December 31, 2000.

Respectfully submitted,

Eric Cline
Minister Responsible
Saskatchewan Pension Plan

The Honourable Eric Cline
Minister Responsible
Saskatchewan Pension Plan

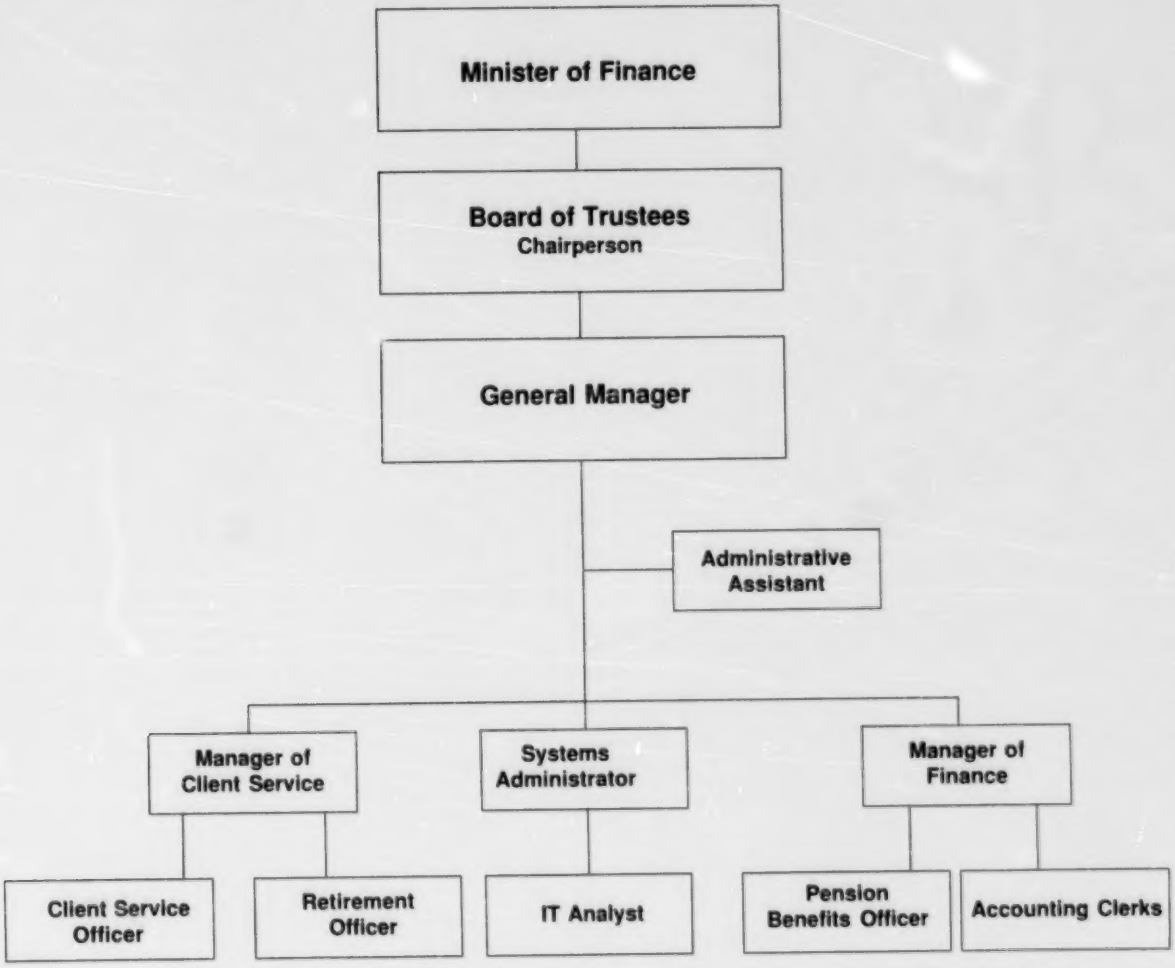
Sir:

On behalf of the Board of Trustees for the Saskatchewan Pension Plan, I have the honour to present the Annual Report for the Saskatchewan Pension Plan for the year ending December 31, 2000.

Respectfully submitted,

Katherine Strutt
General Manager
Saskatchewan Pension Plan

Organization Chart and Mission Statement



Mission

To expand public awareness of the need to plan for their financial future and provide an opportunity for individuals with little or no access to private pensions or other retirement savings arrangements to contribute toward their own post-retirement income.

Plan Profile

SPP is a voluntary, money purchase plan designed to provide a pension plan for individuals with little or no access to private pensions or other retirement savings arrangements. The Plan is available to anyone between 18 and 69 years of age. Eligibility is not dependent upon residency, income, employment status, gender or membership in other plans. SPP members are full time employees, part time employees, self employed people, homemakers, farmers and students.
The table on the right provides the demographics of our membership at the end of the year.

Membership profile

Status	%
Active	64
Retired	36

Sex	
Female	76
Male	24

Occupation	%
Homemaker	32
Farmer	11
Self employed	10
Full time	13
Part time	27
Student	2
Other	5

Marketing efforts in 2000 concentrated on educating the public, individuals and employers about SPP and the need to save for retirement. The key message was *'Save for your future with the Saskatchewan Pension Plan. It is a secure, flexible, and easy to use pension plan that will provide you with income in retirement'*. New member growth remained strong with 475 people joining SPP in 2000 bringing the active membership to 19,045.

New Member Profile

- 67% identify themselves as full time, part time or self employed.
- Average age of new members in 2000 was 40 years.
- 51% of the new members were women.

SPP uses its advertising funds as effectively as possible by maintaining continuous exposure at key times such as peak period and the fall trade show season. A five week print and seven week radio campaign during January and February reminded members to contribute and recruited new members. A second group of media placements took place in late October and November, leading into the peak campaign for 2001. SPP also participated in a trade show in Swift Current, the Saskatoon Business Expo and Agribition.

Marketing continues to focus on existing plan members, small businesses, the agricultural sector and people who are not eligible for other retirement savings plans.

SPP has promotional literature available for individuals who wish to obtain more detailed Plan information. This literature can be obtained by:

- calling the toll-free line at 1-800-667-7153,
- visiting the Plan's website at www.spp.gov.sk.ca, or
- by e-mailing the Plan at: sask.pension.plan@govmail.gov.sk.ca.

Features of SPP

The Plan is designed for flexibility, so that members can make it fit their life situation and budget. The main features of SPP are:

- Voluntary - no obligation to contribute;
- Flexible - payment at any time during the Plan year;
- Portable - people can join and contribute to the Plan regardless of where they reside; and
- Professionally managed investments.

Plan Profile

Members and the public use the toll-free inquiry line to contact SPP. In 2000 the toll-free line received 11,900 calls, on par with 1999 levels.

Contributing to SPP

Contributions for 2000 were $4.6 million, on par with 1999 levels. SPP has an annual maximum contribution of $600 and there is no minimum contribution. Contributions are tax deductible by the member or their spouse within RRSP guidelines.

Members like the easy payment options available at SPP. Clients can use the Pre-Authorized Contribution (PAC) system, mail contributions to the Plan, use their Visa or Mastercard by phone or in person, use the telebanking service available at their financial institutions, or contribute, in person, at financial institutions. Members can look forward to making their contributions through SPP's website beginning in 2001.

Contributions are locked-in and vested and are used to provide the member with a pension at retirement. Contributions are creditor protected and cannot be seized, claimed, or garnisheed in any way except by a court order under a marital division or Enforcement of Maintenance Order.

Employer Plan Option

SPP offers a unique opportunity to business owners and their employees. Employers can use SPP to offer the benefit of a pension plan to their employees without incurring the costs of administering a pension plan. Employers simply deduct the contributions from their payroll and submit them to SPP on whatever schedule they choose. Employers may also contribute on behalf of their employees. The PAC system is available to employers.

SPP currently serves 61 employers with 225 employees. Five new employer plans signed on in 2000. There is significant room for growth in this area and SPP is actively pursuing marketing efforts here.

Retiring from SPP

Plan members can choose to retire from SPP between the ages of 55 and 69. At the time of retirement members may choose to receive an annuity from SPP or to transfer their account to a locked-in retirement investment with another financial institution. SPP also offers a small pension payout option for members whose monthly benefits is less than the prescribed amount. In 2000, pensions under $15.67 per month qualified for this option.

Retirement Choices (%)	
Annuity from SPP	72
Transfers	17
Small pension	11

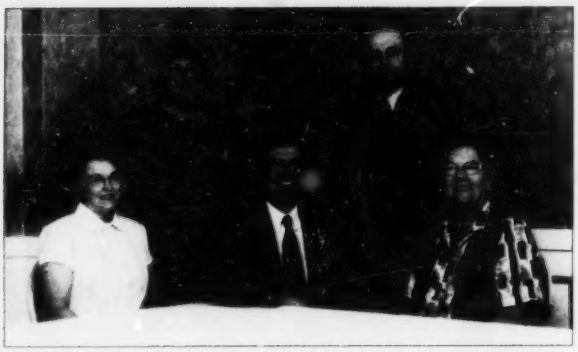
Each annuity the Plan offers will pay the member monthly benefits for the rest of his or her life with possible payments to a beneficiary or survivor after the member's death. Annuity payments are determined by the member's account balance, age at retirement, and interest and annuity rates in effect. Members may transfer to a Locked-in Retirement Account (LIRA), a Life Income Fund (LIF), or a Locked-in Retirement Income Fund (LRIF) with another financial institution. These options provide varying degrees of flexibility for receiving retirement benefits.

Over 600 members retired in 2000, with an average monthly pension of $84.14. The highest retiring balance was almost $24,000 and the highest monthly pension was $163.21. The table on the left illustrates the options retiring members chose. There are 10,682 people receiving pension from SPP.

Plan Profile

Administration

SPP is administered by an independent Board of Trustees, one-third of whom must also be members. The Board acts as trustee of the fund and administers the Plan in accordance with *The Saskatchewan Pension Plan Act* and Regulations and Board policies.



Standing (L to R): Gail Pischak of Regina and Monte Gorchinski of Saskatoon; Seated (L to R): Esther Bjorklund of Bromhead, Earl Hanson, Chairperson of Swift Current and Honey Deglau of Regina

Board members, pictured on the left, are appointed by Order-in-Council and serve staggered two year terms.

Responsibility for the daily administration of the Plan is delegated to the General Manager. In addition, the Board employs a number of consultants and specialists to assist them with managing member funds. These include:

- professional money managers, Greystone Capital Management and Leith Wheeler Investment Counsel, who are responsible for investing member funds according to the Board's investment policy;
- a custodian, Royal Trust, who holds all securities and cash in the funds and reports independently to the Board, thereby ensuring all funds are safeguarded; and
- a pension consultant, James P. Marshall, a Hewitt Company, who assists the Board in monitoring the performance of the investment manager.

Administrative expenses are paid from Plan earnings and SPP focuses on providing efficient service at a reasonable cost. The table below compares asset growth, earnings, and expense ratios over the past five years. Administrative expenses in 2000 were $1.53 million, or .82% of the fund's net asset base. Members earned a return of 8.96% in 2000.

Members of the Contribution Fund earned 8.96% in 2000. This fund has a ten-year average return of 10.85%.

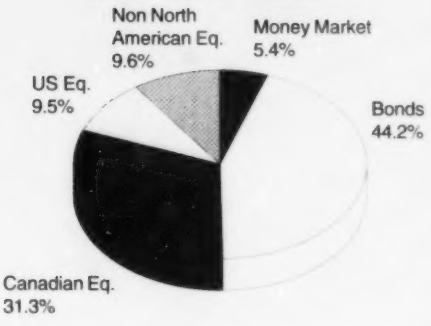
	2000	1999	1998	1997
Contribution Fund Assets (000's)	$143,820	$133,750	$127,570	$118,266
Earnings (%)	8.96	7.33	8.95	18.28
Annuity Fund Assets (000's)	$49,432	$45,483	$41,066	$37,329
Expense Ratio (%)	.82	.84	.81	.90

The Board and Management embarked on a strategic planning process in 2000. Fundamentals like the Plan's mission and values are under review and strategic priorities have been identified. This strategic plan is a work in progress and will provide focus for the Board and Management in the years to come.

Investment Highlights

The Contribution Fund (CF) holds funds of members who have not yet retired. The Fund is managed by two balanced fund managers: Greystone Capital Management Inc. of Regina, a growth style manager; and Leith Wheeler Investment Counsel of Vancouver, a value style manager.

Contribution Fund
December 31, 2000



The Board of Trustees has an investment policy for the Fund (see page 14-15 for a summary) and evaluates the investment manager's performance in terms of the performance of the benchmark portfolio over rolling four year periods. For the four years ended December 31, 2000 the Fund returned 11.61% compared to the benchmark return of 10.48%. Total assets in the Fund at December 31, 2000 were $143.8 million, an increase of $10 million or 7.5%. The Fund's market return after administrative costs for the year was 9.01%. According to the Plan's income allocation policy, $11.36 million was distributed to members, a return to them of 8.96%.

The year 2000 was one of extremes in the financial markets, as investors sold off equities and purchased bonds. This led to a decline in global equity prices as investors favoured the quality and relative stability of bonds. The following is a summary of the investment performance of the Contribution Fund.

Canadian Equities

The Canadian equity market was one of the few equity markets worldwide to generate a positive return in 2000. The TSE 300, led by Nortel Networks, was up as much as 34% during the year. A fourth quarter collapse in the market, including a 47% decline in Nortel's share price, left the index with a 7.4% annual return.

TSE 300 Group	TSE 300 Weight Dec. 31, 2000 (%)	TSE 300 Return (%)	Portfolio Weight Dec. 31, 2000 (%)
Pipelines	2.4	54.2	-
Financial Services	24.1	51.7	30.0
Oil & Gas	10.7	47.2	17.2
Management Companies	3.0	30.3	1.6
Utilities	7.7	30.2	3.1
Communications	4.1	15.5	5.7
Real Estate	0.9	15.4	
Merchandising	2.5	9.1	6.2
Consumer Products	3.5	2.7	2.2
Paper & Forest	1.5	-5.7	3.6
Transportation	1.4	-5.8	2.3
Gold & Silver	2.8	-10.0	2.1
Metals & Minerals	3.4	-14.7	4.0
Industrial Products	32.0	-21.0	22.0
Total	100.0		100.0

The leading sectors in 2000 were Pipelines and Financial Services, two sectors which suffered negative returns in 1999. Relative performance in the past two years has been determined in large part by holdings in Nortel. The Fund holds an underweight position in this stock relative to the index and, while this was a negative in 1999, it was a positive in 2000.

Investment Highlights

Category	S & P 500 Weight Dec. 31, 2000 (%)	S & P 500 Return (C$) (%)	Portfolio Weight Dec. 31, 2000 (%)
Utilities	3.8	69.8	6.3
Health Care	13.7	38.3	14.5
Financial	16.8	32.5	20.0
Capital Goods	3.9	24.7	10.4
Energy	6.7	20.4	6.7
Transportation	0.7	19.2	-
Consumer Staples	7.5	12.0	9.0
Conglomerates	4.9	-3.0	-
Consumer Cyclical	11.5	-11.7	11.6
Basic Materials	2.3	-15.0	0.6
Technology	16.8	-32.1	19.3
Comm. Equip. & Services	11.4	-39.3	1.6
Total	100.0		100.0

U.S. Equities

The S&P 500 return was -5.9% C$, the first negative return since 1990 and broke a string of five consecutive years of 20%+ US$ returns for the index. A sell-off in technology stocks was the main contributor to the negative return.

Although Technology and Telecom stocks dominated the U.S. market news in 2000, other significant shifts occurred. Value stocks outperformed growth stocks for the first time since 1993, market breadth improved and small capitalization stocks improved. The top performers in 2000 were "old economy" companies such as banks, electric power utilities, service companies and manufacturers.

Non North American Equities

The Europe, Australia and Far East (EAFE) index fell 11.2% C$ in the year, with negative returns in most areas. Japan represents the largest proportion of the index and returned -25.7% for the year. The downturn in Telecommunication and Technology stocks was experienced worldwide and the weakness in 2000 contrasts sharply with the strong gains seen in certain regions in 1999.

Country	EAFE Weight Dec. 31, 2000 (%)	EAFE Return (C$) (%)	Portfolio Weight Dec. 31, 2000 (%)
Switzerland	7.2	9.4	10.9
Denmark	0.9	7.0	1.7
Norway	0.4	2.5	0.4
Italy	4.8	2.0	3.3
Netherlands	5.7	-0.9	6.1
France	11.7	-1.0	6.6
Australia	2.7	-7.0	3.2
Portugal	0.5	-7.3	-
United Kingdom	21.3	-8.4	18.9
Austria	0.2	-9.0	-
Ireland	0.6	-9.7	1.9
Finland	2.8	-11.3	1.4
Hong Kong	2.1	-11.9	5.1
Germany	8.8	-12.7	4.9
Spain	2.9	-13.0	1.0
Belgium	0.9	-14.1	-
Sweden	2.7	-18.6	2.7
Singapore	1.0	-25.1	2.5
Japan	22.7	-25.7	18.0
New Zealand	0.1	-31.0	-
Emerging Markets	-	-29.4	8.3
Cash	-		3.1
Total	100.0		100.0

	SCUBI Weight Dec. 31, 2000 (%)	SCUBI Return (%)	Portfolio Weight Dec. 31, 2000 (%)
Federal	52.0	10.3	57.8
Provincial	23.0	11.3	17.3
Corporate	23.9	9.1	23.5
Municipal	1.1	11.6	1.4
Total	100.0		100.0

Fixed income

In contrast to the weak equity markets, bonds had one of their best years ever as falling rates generated capital gains and long term bonds outperformed short term bonds. The Scotia Capital Universe Bond Index (SCUBI) advanced 10.2%, placing it among the best performing asset classes in 2000.

Investment Highlights

The total Fund has a long term investment outlook and remains well diversified between markets and sectors. While members of SPP are not immune to market fluctuations, the volatility of returns is reduced by this diversification as well as the Plan's income allocation method which smooths realized and unrealized gains and losses over four years. Investors have become accustomed to rather extraordinary investment returns over the last nine years. These returns have been far above the historical norm and they may be much closer to the historical norm over the near and medium term future.

The Annuity Fund (AF) holds the funds of retired members who receive an annuity from the Saskatchewan Pension Plan. The Fund is managed by Greystone Capital Management Inc. of Regina and consists primarily of long term bonds which are usually held to their maturity.

Members continued to face low annuity rates in 2000, ranging from a high of 5.2% to a low of 4.7%. Interest rates are expected to continue to remain low in the coming year. At December 31, 2000 the AF had a surplus of $857,000, and assets, valued at cost, of $49.4 million.

A complete list of holdings as at December 31, 2000 is available from SPP on request.

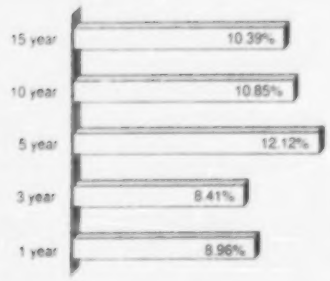
Investment Policy Summary

SPP has established two funds to hold the assets of the Plan: the Contribution Fund and Annuity Fund. The investments must be eligible investments as outlined in *The Pension Benefits Act* and Regulations, the *Income Tax Act* and Regulations, and all subsequent amendments.

The Board has delegated day-to-day responsibility for investment management to Greystone Capital Management Inc. and Leith Wheeler Investment Counsel Ltd. Custody of the Plan's assets, and the responsibility to account for them has been delegated to Royal Trust. A quarterly report on compliance with the investment policy must be completed by the investment managers.

The Investment Policy is open to review at any time but must be reviewed annually by the Board of Trustees.

Historical Investment Performance



Contribution Fund

The Contribution Fund holds assets supporting members' pension credits prior to retirement. The assets are accumulated under a defined contribution (money purchase) arrangement.

The investment strategy for the Contribution Fund is to hold a balanced portfolio, including equities, bonds, and short term investments and to maximize earnings while minimizing risk to members. Minimum and maximum asset mix guidelines are as follows:

	Minimum %	Maximum %
Canadian equities	10	50
Foreign equities*	5	20
Total equities	**20**	**60**
Canadian bonds (one year or greater)	20	60
Short term investments and cash	1	35

Mortgages, real estate, private placements, and other types of investments require prior approval of the Board of Trustees.
*Not to exceed the Income Tax limit of 25% of book value.

Canadian and foreign equities are permitted. Equities are limited to those that are publicly traded on a recognized securities market and units of international pooled funds. No one holding should represent more than 10% of the market value of the equity portfolio or more than 10% of the capital stock of any corporation.

Bonds must meet a minimum quality standard of "BBB" or equivalent at the time of purchase. "BBB" bonds may not be purchased if it would raise "BBB" holdings to more than 15% of the market value of the bond portfolio.

Short-term investments are defined as securities purchased with a maturity of one year or less. Securities with an "R-1" rating or equivalent as rated by a recognized bond rating agency are permissible investments.

Investments in Real Estate Investment Trusts or other income trusts where liability can flow through to unit holders are not permissable.

Investment Policy Summary

Investment income and changes in the market value of investments are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis. Effective January 1, 1993 the maximum gain or loss deferred to future years is equal to 5% of the market value of investments at December 31 of each year.

Annuity Fund

The Annuity Fund holds assets transferred from the Contribution Fund at retirement. Assets in the fund are used to provide annuity payments to retired members. The investment objectives of this fund are to structure the investment portfolio so the Annuity Fund's assets are immune to changes in the level of interest rates, to provide sufficient liquidity to ensure payments to retired members when due, and to ensure long term solvency.

Government of Canada, Provincial Government and Corporate bond issues, strip bonds, mortgages, mortgage backed securities and short term investments are permissible investments. Equities and derivatives are not permitted. Government bonds must have a credit rating of at least "BBB" or equivalent at the time of purchase. No more than 15% of the par value of the bond portfolio may be invested in government bonds with a "BBB" rating. The minimum credit rating for corporate bonds and debentures is an "A" rating or equivalent at the time of purchase. No more than 10% of the market value of the bond portfolio should be invested in corporate bonds. Mortgage related investments must be government guaranteed or NHA approved. No more than 10% of the market value of the total portfolio should be invested in mortgages. Short term investments must have an "R-1" or equivalent credit rating at the time of purchase.

Related Party Transactions

The administrator of the Plan may not enter into a transaction with a related party, as defined in section 1 of Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada), unless the transaction is required and the terms are at least at market, securities of the related party are publicly traded, or the transaction is nominal or immaterial to the Plan.

Conflicts of Interest

In the execution of their duties, Board members and their agents shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased decisions, as it relates to administration of the Plan.

Voting Rights

The Board has delegated voting rights to the custodian, to be exercised in accordance with the investment managers' instructions.

Management and Auditors' Reports

Management's Responsibility for Financial Statements

The accompanying financial statements of the Saskatchewan Pension Plan (the Plan), and all information in this annual report, have been prepared by Plan management which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with accounting principles generally accepted in Canada and necessarily include some estimates based on management's judgment. Other financial information in this annual report is consistent with that provided in the financial statements.

The Plan's accounting system and related system of internal controls are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, and financial records are properly maintained to provide reliable information for use in the preparation of financial statements.

The Board of Trustees of the Plan is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews and approves the financial statements.

These financial statements have been audited by the Plan's external auditors, Ernst & Young LLP, in accordance with auditing standards generally accepted in Canada, on behalf of the Members of the Legislative Assembly of Saskatchewan.

Earl R. Hanson
Chairperson
February 16, 2001

Katherine Strutt
General Manager

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Saskatchewan Pension Plan as at December 31, 2000 and the statements of changes in net assets available for benefits and administrative expenses for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP
Chartered Accountants

Saskatoon, Canada
February 16, 2001

Saskatchewan Pension Plan
Statement of Net Assets Available for Benefits
As at December 31

(thousands of dollars)

	2000			1999		
	Contribution Fund	Annuity Fund	Total	Contribution Fund	Annuity Fund	Total
ASSETS						
Investments (Note 3)						
Money Market	$ 7,624	$ 1,030	$ 8,654	$ 7,385	$ 1,986	$ 9,371
Bonds	62,838	48,154	110,992	59,555	42,919	102,474
Equities	71,595	-	71,595	65,636	-	65,636
	142,057	49,184	191,241	132,576	44,905	177,481
Cash	470	90	560	253	137	390
Accrued Interest and Dividends	821	602	1,423	686	602	1,288
Prepaid (Deferred)						
Retirement Transfers	766	(766)	-	473	(473)	-
Prepaid Pension Benefits	-	407	407	-	375	375
	144,114	49,517	193,631	133,988	45,546	179,534
LIABILITIES						
Administrative Expenses Payable	126	46	172	109	37	146
Death and Other Benefits Payable	166	39	205	126	26	152
Deferred Member Contributions	2	-	2	3	-	3
	294	85	379	238	63	301
NET ASSETS AVAILABLE FOR BENEFITS	$143,820	$ 49,432	$193,252	$133,750	$ 45,483	$179,233

ON BEHALF OF THE TRUSTEES:

Earl R. Hanson, Chairperson

Esther Bjorklund, Board Member

(See Accompanying Notes)

Saskatchewan Pension Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31

(thousands of dollars)

	2000			1999		
	Contribution Fund	Annuity Fund	Total	Contribution Fund	Annuity Fund	Total
INCREASE IN ASSETS						
Investment Income						
Interest	$ 4,342	$ 3,867	$ 8,209	$ 4,031	$ 3,592	$ 7,623
Dividends	2,570	-	2,570	2,112	-	2,112
	6,912	3,867	10,779	6,143	3,592	9,735
Change in Market Value of Investments	6,720	-	6,720	3,385	-	3,385
Contributions	4,643	-	4,643	4,650	-	4,650
	18,275	3,867	22,142	14,178	3,592	17,770
TRANSFERS ON RETIREMENT	(6,710)	6,710	-	(6,577)	6,577	-
DECREASES IN ASSETS						
Pension Benefits	-	4,659	4,659	-	4,291	4,291
Administrative Expenses	1,124	406	1,530	1,077	375	1,452
Transfer to Other Pension Plans	-	1,281	1,281	-	832	832
Death and Other Benefits	371	282	653	344	254	598
	1,495	6,628	8,123	1,421	5,752	7,173
Change in Net Assets	10,070	3,949	14,019	6,180	4,417	10,597
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	133,750	45,483	179,233	127,570	41,066	168,636
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	$143,820	$ 49,432	$193,252	$133,750	$ 45,483	$179,233

(See Accompanying Notes)

Saskatchewan Pension Plan
Statement of Administrative Expenses
For the Year Ended December 31

(thousands of dollars)

	2000	1999
EXPENSES		
Salaries and Wages	$ 596	$ 566
Professional and Technical Services	489	456
Advertising and Promotional	203	207
Computer Systems	65	50
Facility and Equipment Rental	61	63
Telephone, Freight, and Postage	46	47
Office Supplies	24	28
Other Contractual	20	8
Board Honorariums and Expenses	17	15
Travel	9	7
Leasehold Improvements	-	5
NET ADMINISTRATIVE EXPENSES OF THE PLAN	$1,530	$1,452
ADMINISTRATIVE EXPENSES ALLOCATED AS FOLLOWS:		
Contribution Fund	$1,124	$1,077
Annuity Fund	406	375
	$1,530	$1,452

(See Accompanying Notes)

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2000

1. Description of Plan

(a) General

The Saskatchewan Pension Plan ("SPP" or the "Plan") is a defined contribution plan established by the Government of Saskatchewan to provide an opportunity for individuals with little or no access to private pensions or other retirement savings arrangements to save for their retirement. Details of the Plan are contained in *The Saskatchewan Pension Plan Act* (the Act) and Regulations.

(b) Funds Established

The following funds were established to administer the Plan:

(i) Contribution Fund
Established to accumulate all contributions and earnings for members who have not yet retired under the Plan. The Fund holds a balanced portfolio including equities, bonds and short term investments to maximize earnings while minimizing risk to members.

(ii) Annuity Fund
Established to hold the funds to make pension payments to retired members. The Fund holds investments in high quality long-term bonds. The Fund also holds money market investments for current pension needs and to pay administration costs. Equity investments are not permitted. The investment portfolio is structured to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to retirees when due, and to ensure long-term solvency.

(c) Contributions

Participation is voluntary and members can contribute a maximum of $600 for each plan year. Contributions are vested immediately in the member's name and are locked into the Plan until retirement.

(d) Retirement

Members may retire under the Plan as early as age 55 or delay retirement as late as age 69. A member's accumulated account balance at retirement comprises the member's contributions to the Plan together with the investment income and changes to the market value of the Plan's investments allocable to the member as of that date under the terms of the Plan. At retirement, members may select a pension option which is payable for life or transfer their account to a locked-in pension option with a different financial institution. The options available are Locked-in Retirement Account (LIRA), Locked-in Retirement Income Fund (LRIF), and Life Income Fund (LIF). The accumulated account balances of members who opt to remain in the Plan at retirement are transferred to the Annuity Fund.

(e) Administrative Expenses

Administrative expenses are allocated to the Funds based on their weighted average asset base as prescribed by Regulation.

(f) Income Tax

The Plan is a prescribed provincial plan under the Income Tax Act and is not subject to tax.

(g) Death Benefits

Should a member die prior to retirement, the funds in his or her account will be paid to the named beneficiary. If the beneficiary is the member's spouse, the funds may be transferred to the spouse's SPP account or to their own registered retirement savings plan.

Should a member die after retirement, death benefits are payable according to the type of annuity the member selected at retirement.

(h) Survivor Benefits

When a member who selected the Joint and Last Survivor Annuity dies, benefits are paid to the survivor for the balance of his or her life.

(i) Withdrawal Provisions

Members whose monthly pensions are less than the prescribed amount can withdraw their total pension in one lump sum instead of receiving monthly benefits. In 2000, the prescribed amount was $15.67.

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(thousands of dollars)

2. Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in Canada. The following policies are considered to be significant:

(a) Investment Income Recognition

Interest is recognized as income when earned and dividends are recognized as income when dividends are declared.

(b) Investments

(i) Contribution Fund

Investments are recorded at market value which is determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Money market investments are valued at cost which approximates market. Transactions are recorded as of the settlement date.

(ii) Annuity Fund

Money market investments are valued at cost which approximates market value. Investments in bonds are valued at the present value of future cash flows, discounted at the effective yield on the date of purchase. Funds are transferred from the Contribution Fund at the date members retire, and these funds are invested in long-term bonds with terms matching the remaining life expectancy of the members. Under the policy of the Plan such bonds are generally required to be held to maturity and therefore are not considered to be marketable. In the event that bonds are disposed of, gains and losses on such dispositions are deferred and taken into income over the remaining term to maturity of the security sold to be consistent with the basis of underwriting annuities, which are issued based on the prevailing interest rates at the time of retirement. Transactions are recorded as of the settlement date.

(c) Financial Instruments

Accrued interest and dividends, prepaid (deferred) retirement transfers, prepaid pension benefits, administrative expenses payable, death and other benefits payable and deferred member contributions are all short term in nature and as such, their carrying value approximates fair value.

For fair value of investments see note 2(b).

3. Investments

(a) Contribution Fund

(i) Money Market

	2000			1999		
	Average Term (in days)	Effective Interest Rate (percent)	Market Value	Average Term (in days)	Effective Interest Rate (percent)	Market Value
Treasury Bills	90	5.7	$ 5,339	119	5.0	$ 4,802
Bankers Acceptances	37	5.8	2,285	30	5.0	2,583
			$ 7,624			$ 7,385

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1" rating as rated by a recognized bond rating agency at the time of purchase, are permissible. Other than the Government of Canada, no single issuer represents more than 11.0% (1999: 13.7%) of the money market portfolio.

(ii) Bonds

	2000					
Years to Maturity	Market Value					
	Federal	Provincial	Real Return	Municipal	Corporate	Total
1 - 5 years	$ 19,095	$ 2,106	$ -	$ -	$ 6,330	$ 27,531
Over 5 years	16,996	8,731	247	878	8,455	35,307
	$ 36,091	$ 10,837	$ 247	$ 878	$ 14,785	$ 62,838

	1999					
Years to Maturity	Market Value					
	Federal	Provincial	Real Return	Municipal	Corporate	Total
1 - 5 years	$ 14,226	$ 2,842	$ -	$ -	$ 5,459	$ 22,527
Over 5 years	22,068	8,164	326	502	5,968	37,028
	$ 36,294	$ 11,006	$ 326	$ 502	$ 11,427	$ 59,555

Bonds must meet a minimum quality standard of "BBB" or equivalent, as rated by a recognized credit rating service. No more than 15% of the market value of the bond portfolio may be held in "BBB" issues. Other than the Government of Canada, no single issuer represents more than 5.6% (1999: 9.1%) of the overall bond portfolio. All of the bonds are fixed rate bonds with effective interest rates ranging between 3.6% and 10.9% (1999: 3.7% and 10.5%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

(iii) Equities at Market Value

	2000	1999
Canadian Shares	$ 44,445	$ 38,965
United States Shares	13,503	10,712
Non North American Pooled Fund	13,647	15,959
	$ 71,595	$ 65,636

No one holding represents more than 10% of the market value of the equity portfolio or more than 10% of the capital stock of the issuer. Equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 1.5% (1999: 1.5%)

(iv) Interest Rate, Credit, and Foreign Currency Risk

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates and equity markets.

The Fund holds approximately 49.6% (1999: 50.5%) of its investments in fixed income securities and 50.4% (1999: 49.5%) in equities at December 31, 2000.

Credit Risk

Credit risk arises from the potential for issuers of debtors to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. At December 31, 2000 the Fund's maximum credit risk exposure relates to bonds, accrued income and short-term investments totalling $71,283 (1999: $67,626)

Foreign Currency Risk

Foreign Currency exposure arises from the Plan's holdings of foreign equities. As at December 31, 2000, the Plan's foreign currency exposure was $27,150 (1999: $26,671). To manage the risk the Board has adopted an investment policy whereby investments are strategically distributed among several classes of assets to reduce exposure to investment volatility. The Plan's investment policy also defines minimum quality rating for new investments and restricts the size of investment in any one issuer.

(b) Annuity Fund

(i) Money Market

	2000			1999		
	Average Term (in days)	Effective Interest Rate (percent)	Market Value	Average Term (in days)	Effective Interest Rate (percent)	Market Value
Treasury Bills	4	5.6	$ 534	27	4.7	$ 1,986
Bankers Acceptances	31	5.7	496	-	-	-
			$ 1,030			$ 1,986

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1" rating are permissible. Other than Government of Canada, no single issuer represents more than 38.5% (1999: 0.0%) of the money market portfolio.

(ii) Bonds

	2000				
Years to Maturity	Cost Value				Total Market
	Federal	Provincial	Corporate	Total	
1 - 5 years	$ 3,991	$ 1,994	$ 806	$ 6,791	$ 7,001
Over 5 years	9,455	30,206	1,702	41,363	50,693
	$ 13,446	$ 32,200	$ 2,508	$ 48,154	$ 57,694

1999

Years to Maturity	Cost Value Federal	Provincial	Corporate	Total	Total Market
1 - 5 years	$ 3,204	$ 1,069	$ 804	$ 5,077	$ 5,152
Over 5 years	13,373	22,791	1,678	37,842	44,923
	$ 16,577	$ 23,860	$ 2,482	$ 42,919	$ 50,075

Government bonds must meet a minimum quality standard of "BBB" or equivalent as rated by a recognized credit rating service at the time of purchase. No more than 15% of the par value of the total bond portfolio may be held in "BBB" issues. Corporate bonds must meet a minimum quality standard of "A" at the time of purchase. Other than the Government of Canada, no single issuer represents more than 24.3% (1999: 16.2%) of the overall bond portfolio. All of the bonds are fixed rate bonds with yields to maturity ranging between 5.1% and 11.4% (1999: 5.1% and 11.4%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

(iii) Interest Rate and Credit Risk

Interest Rate Risk
Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates.

Credit Risk
Credit risk arises from the potential for issuers of debtors to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities above are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

4. Actuarial Valuation of Pension Liability

An actuarial valuation was performed on the Plan as at December 31, 2000 by Aon Consulting Inc. The valuation considered the obligations to retired members.

The valuation method used to calculate the basic pension liability of retired members was the single premium actuarial cost method. The current annuity rate for each individual annuitant at their date of retirement has been used for the first 15 years and 6% per annum thereafter to determine the liabilities. In the previous valuation at December 31, 1999, for retirees before 1992, the interest rate used during the 15 year select period was 9.2% per annum and 6% per annum thereafter. The change in assumption resulted in an increase in liabilities of approximately $103.

The results of this valuation are summarized below:

	2000	1999
Net Assets Available	$49,432	$45,483
Basic Pension Liability	48,575	44,880
Surplus	$ 857	$ 603

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Pension annuities are issued based on the prevailing interest rates at the dates of retirement of the annuitants. The duration of the investments purchased are matched with the duration of the liabilities. As such, the risk to the Plan relates to:

(i) any differences, which may be material, between the estimated and actual life expectancy of the annuitant group which may cause the Plan to have insufficient funds to meet the liability or more funds than required; and

(ii) reinvestment of assets at maturity at rates greater than or less than rates used in determining the annuities.

To manage this risk, the Plan uses investment managers and actuaries to assist in determining the investment strategy. Further, subsection 7(3.1) of the Act requires any amount by which the liability of the Annuity Fund exceeds the assets of the Annuity Fund to be a charge on and payable from the General Revenue Fund of the Province of Saskatchewan. At December 31, 2000 and 1999, the Annuity fund was in a surplus position.

The principal components of the change in the basic pension liability are summarized below:

	2000	1999
Liability, beginning of year	$44,880	$40,755
Interest on liabilities	3,003	2,857
Increase in liability due to new annuities	5,239	5,522
Benefits paid	(4,695)	(4,224)
Mortality experience	45	(30)
Increase in liability due to change in assumption	103	-
Liability, end of year	$48,575	$44,880

5. Earnings Allocation to Members

Investment income less administration expenses are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis.

The maximum gain or loss deferred to future years is 5% of the total market value of investments at December 31 of each year. At December 31, 2000 the gain deferred to future years was $7,106 (1999 - $5,992).

6. Related Party Transactions

The Plan also conducts a portion of its transactions with Saskatchewan Crown-controlled Agencies, departments and corporations. These transactions are at the prevailing market rates and are settled on normal trade terms. The Plan incurred operating expenses of approximately $200 (1999: $187) with these related parties.

The Plan has $4,544 par value (1999: $2,649) invested in Province of Saskatchewan bonds with varying maturity dates and interest rates. Interest on these bonds was approximately $228 (1999: $324).

7. Lease Commitment

The Plan is committed to an operating lease for office space to September 30, 2001 with minimum lease payments of $40.

Supplementary Payment Information

For the Year Ended
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Saskatchewan Pension Plan

2000 Expenditures

Personal Services
Listed are individuals (excluding unionized employees) who received payments for salaries, wages, honorariums, etc. which total $2,500 or more.

Bakanec, Lorne	$ 67,458
Eon, Donna	55,242
Meier, Bonnie	55,242
Strutt, Katherine	72,786
St. John, Bonnie	31,815
Payees under $2,500	-
Unionized Employees	211,208
	$ 493,751

Supplier Payments

Listed are payees who received $20,000 or more for the provision of goods and services, including office supplies, advertising, contracts and equipment.

Greystone Capital Management Inc.	144,950
James P. Marshall Inc.	34,101
Leith Wheeler Investment Counsel Inc.	196,573
Oracle Corporation Canada Inc.	23,593
Royal Trust	67,483
Sask Tel	20,355
Saskatchewan Property Management Corporation	106,063
TAP Communications Inc.	54,831
TTL Computer Concepts	20,165
Wawryk Associates Ltd.	102,486
Payees under $20,000	161,494
	$ 932,094

Other Payments

Listed are payees who received $20,000 or more for expenditures not included in the above categories. Payment include public sector benefits.

Minister of Finance	$ 83,851